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PP RUEHBZ RUEH DU RUEHJO RUEHMR RUEHRN  
DE RUEHAN #0777 2141034  
ZNR UUUUU ZZH  
P 021034Z AUG 07  
FM AMEMBASSY ANTANANARIVO  
TO RUEHC/SECSTATE WASHDC PRIORITY 0167  
INFO RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE  
RUEHNR/AMEMBASSY NAIROBI 0414  
RUEHGV/USMISSION GENEVA 0072

UNCLAS ANTANANARIVO 000777

SIPDIS

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STATE FOR AF/E - RMEYERS  
AID/W FOR DCHA/OFDA - SKHANDAGLE  
FOR DCHA/FFP/DP - SDOSHANJH, PNOVICK  
PRETORIA USAID/OFDA/SARO - HHALE  
NAIROBI FOR USAID/EA/FFP - NESTES, DGORDON  
ROME FOR FODAG  
GENEVA FOR RMA, DHA, IFRC

E.O. 12958: N/A

TAGS: [EAID](#) [ECON](#) [EAGR](#) [PREL](#) [SOCI](#) [MA](#)

SUBJECT: CROP REPORTS FORECAST ACUTE RICE SHORTAGES

REF: ANTAN 292 and previous

¶1. SUMMARY: According to harvest forecasters in the Government of Madagascar's (GOM) Prime Minister's office, Madagascar's severe 2006-07 cyclone season destroyed the equivalent of 60,000 tons of rice (reftels). Already an annual rice importer, Madagascar will likely need almost 300,000 tons of imports to meet demand in the season of penury between September and December. Remote regions in the northeast and southeast, those hardest hit by flooding, will face particularly exacerbated shortages. While predicting the need for imports, the GOM is also leery given increases in worldwide rice prices, particularly from usual sources in Pakistan and Thailand.  
END SUMMARY.

¶2. EmbOffs met July 25 with Bertine Razaiarimanana and Patrick Rasolofo in the Prime Minister's rural development office. Razaiarimanana is Secretary General of the Rural Development Assistance project and Rasolofo is Director of a monitoring unit for rice harvest data and other rural food security and development trends. They reported rice fields equivalent to 60,000 tons were destroyed during the cyclone season, elevating Madagascar's annual import needs from 200,000 tons to close to 300,000 tons to meet demand. The damaged fields are centered in remote areas of northeast and southeast Madagascar, where repeated cyclones in late 2006 and early 2007 caused severe flooding.

¶3. Rasolofo noted high world oil prices will keep transportation costs high, thus exacerbating rice prices in remote areas. He also reported that his research indicated a world rice price rise, particularly from Madagascar's usual suppliers like Pakistan and Thailand. USAID and NGO partners continue to work extensively in Madagascar under the PL-480 program to help farmers increase yields with improved methods.

TIKO MANIPULATING RICE PRICE?

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¶4. In numerous regions throughout Madagascar, hoarding of rice stocks for speculation on higher prices has been widely reported. In the "rice bowl" of Lake Aloatra, rice farming associations report President Marc Ravalomanana's TIKO rice mill, Fanampy, is trying to force producers to accept unduly low prices. Beyond their simple business logic of making a profit, Fanampy is also alleged to have the political motive of keeping prices low for consumers. The regional government official has reportedly limited access for trucks to the area to prevent producers from selling to other buyers. The stand-off continues, with farmers holding their supply in community silos, speculating on higher future prices.

¶5. COMMENT: Cyclones and flooding are frequently two-part disasters. The first is the dramatic loss of lives and habitations directly caused by the event. The second is the damage to livelihoods that often may not be apparent until the next harvest season. It is this "second part" of the flood disaster that Madagascar is now approaching. END COMMENT.

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